



Department of Defense



***National Security
Personnel System***

Department of Defense
National Security Personnel System
Overview of Final Regulations

November 2005

Why NSPS?

- Advance DoD's critical national security mission
- Respond swiftly and decisively to national security threats and other missions
- Accelerate DoD's efforts to create a Total Force
- Retain and attract talented and motivated employees committed to excellence
- Compensate and reward employees based on performance and mission contribution
- Expand DoDs' ability to hire more quickly and offer competitive salaries



What is NSPS?

- Performance management system that:
 - Values performance and contribution
 - Encourages communication
 - Supports broader skill development
 - Promotes excellence
- Streamlined and more responsive hiring process
- Flexibility in assigning work
- Preservation of employee benefits, rights and protections
- Preservation of rights of employees to join a union and bargain collectively
- Tools to shape a more effective and efficient workforce

DoD's Flexible and Responsive Civilian Personnel System

- Recognizes and rewards employees based on personal contributions to mission
- Opens communication between supervisors and employees: all know expectations
- Encourages employees to take ownership of their performance and success
- Promotes broader skill development and advancement opportunities in pay bands



Key Events and Activities

Nov 03

- NSPS authorized by National Defense Authorization Act

Apr-Oct 04

- Working groups developed labor relations and appeals options

Summer 04

- Conducted over 100 Focus Groups and 50 Town Hall Meetings worldwide

Jan-Dec 04

- Labor organization meetings to gather input on design

Jul-Sep 04

- Design teams with over 100 participants in working groups developed human resources options

Feb 05

- Proposed NSPS Regulations published in Federal Register

Feb-Mar 05

- Over 58K comments received during public comment period

Apr-Jun 05

- Meet and confer with labor organizations

Final Regulations published November 2005

- Merit System Principles
- Whistleblower protections
- Rules against prohibited personnel practices
- Veterans' Preference
- Anti-discrimination laws
- Fundamental due process
- Benefits (retirement, health, life, etc.)
- Allowances and travel/subsistence expenses
- Training
- Lab Demo organizations not eligible until FY 08 for HR



Who is covered by NSPS?

■ NSPS Human Resources System

- Vast majority of DoD employees eligible for coverage
 - ✓ initially applies only to selected GS/GM and Acquisition Demo employees in Spiral One organizations
 - ✓ Employees in special pay/classification systems (e.g., wage grade) will be phased in later
- Certain categories excluded (e.g. intelligence personnel, Defense Labs listed in NSPS law)

■ NSPS Labor Relations System

- Applies to all employees and labor organizations currently covered by Chapter 71, title 5
- Will be implemented across entire Department when final regulations are effective

Vast majority of DoD civilian employees

Human Resources System

- Classification
 - Simple, flexible
- Compensation
 - Performance-based, market-sensitive
- Performance management
 - Linked to agency mission
- Staffing
 - The right person, in the right place, at the right time
- Workforce Shaping
 - Streamlined, mission-responsive
- Adverse Action and Appeals
 - Streamlined for greater accountability, preserves due process

Labor Relations System

- Balance employee rights to representation with agency mission requirements

- Jobs in broad “pay bands” based on nature of work and competencies
- Progress in bands dependent on performance, complexity and/or contribution, market conditions
- Position descriptions are less detailed
- Classification appeal rights protected
- Allows flexibility to assign new or different work
- Promotes broader skill development and advancement opportunities within and across pay bands

Positions Grouped in Broad Bands



Proposed Architecture

<p>STANDARD CAREER GROUP</p> <ul style="list-style-type: none">■ Professional/Analytical■ Tech/Support■ Student Employment■ Supervisor/Manager <p>71% of DoD white collar workforce</p>	<p>INVESTIGATIVE & PROTECTIVE SERVICES CAREER GROUP</p> <ul style="list-style-type: none">■ Investigative■ Fire Protection■ Police/Guard■ Supervisor/Manager <p>6% of DoD white collar workforce</p>
<p>SCIENTIFIC & ENGINEERING CAREER GROUP</p> <ul style="list-style-type: none">■ Professional■ Tech/Support■ Supervisor/Manager <p>18% of DoD white collar workforce</p>	<p>MEDICAL CAREER GROUP</p> <ul style="list-style-type: none">■ Physician/Dentist■ Professional■ Tech/Support■ Supervisor/Manager <p>5% of DoD white collar workforce</p>



Components of Pay

Performance-Based Pay

- Annual pay raises or bonuses based on performance
- High-performing employees can get higher pay raises
- Employees must perform at “Valued Performance” (Level 3) or higher to get any increase

Rate Range Increases

- Nation-wide salary adjustments, may vary by pay band
- Employees must perform at “Fair” (Level 2) or higher to get any increase

Local Market Supplement Increases

- Similar but not identical to locality pay - addition to base pay
- Based on geographic or occupation market conditions
- In given area, can differ from one occupation to another
- Employees must perform at “Fair” (Level 2) or higher to get any increase

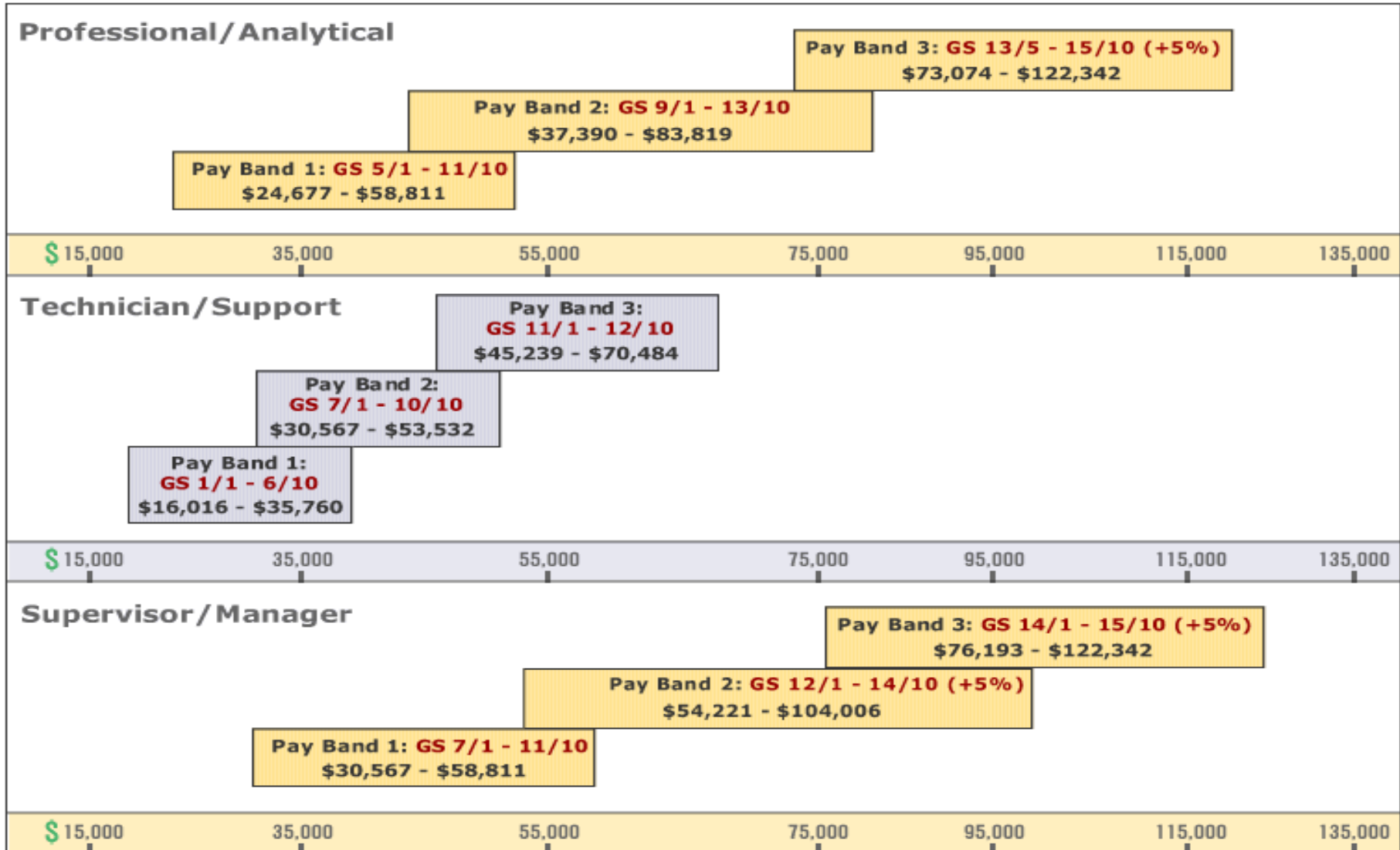
Other Features

- Rate ranges and local market supplements are reviewed annually*
- 6% minimum salary increase for promotions*
- Eligibility for salary increase for reassignment/reduction in band

Pay bands replace General Schedule

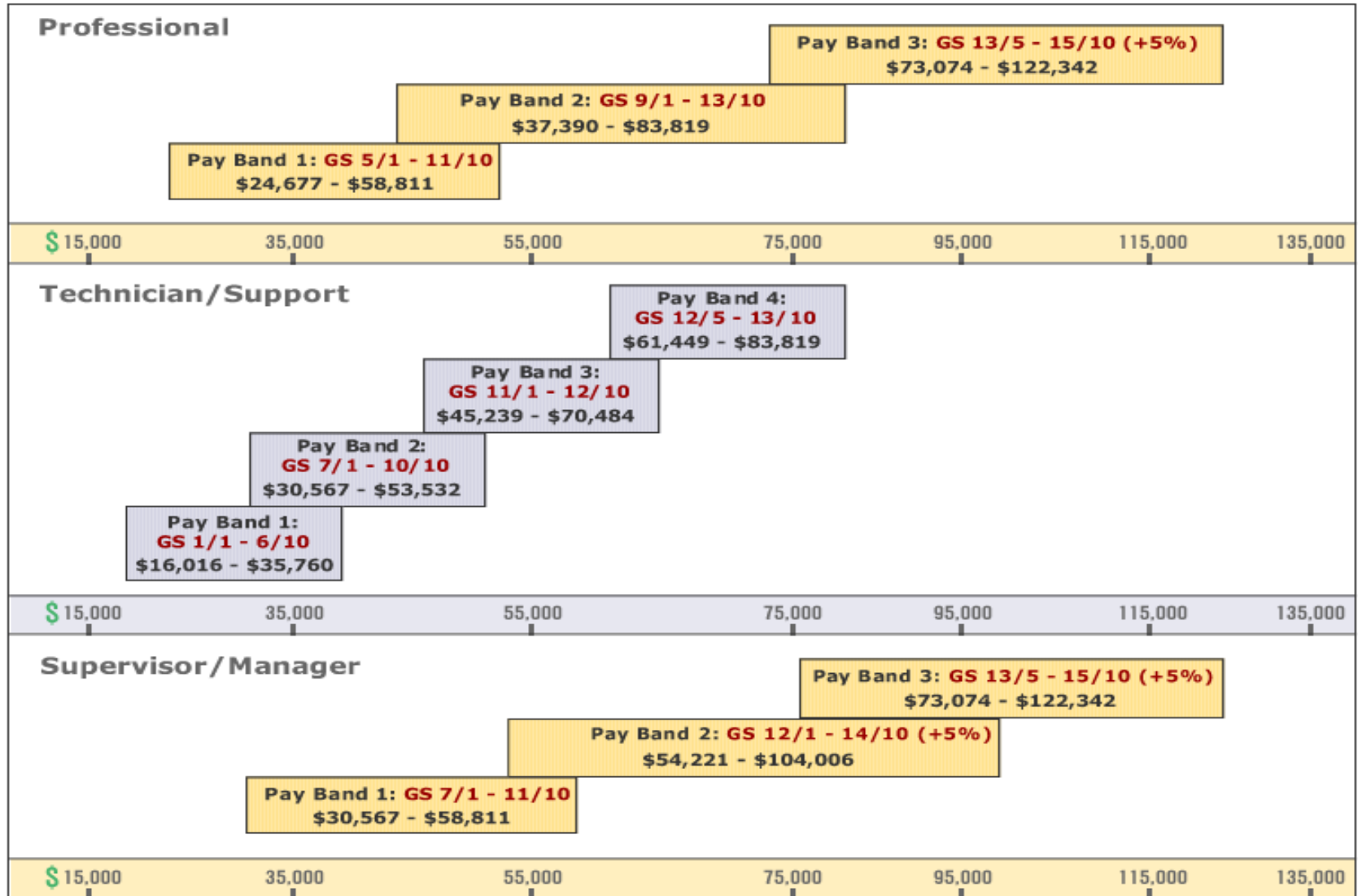


Proposed Standard Career Group



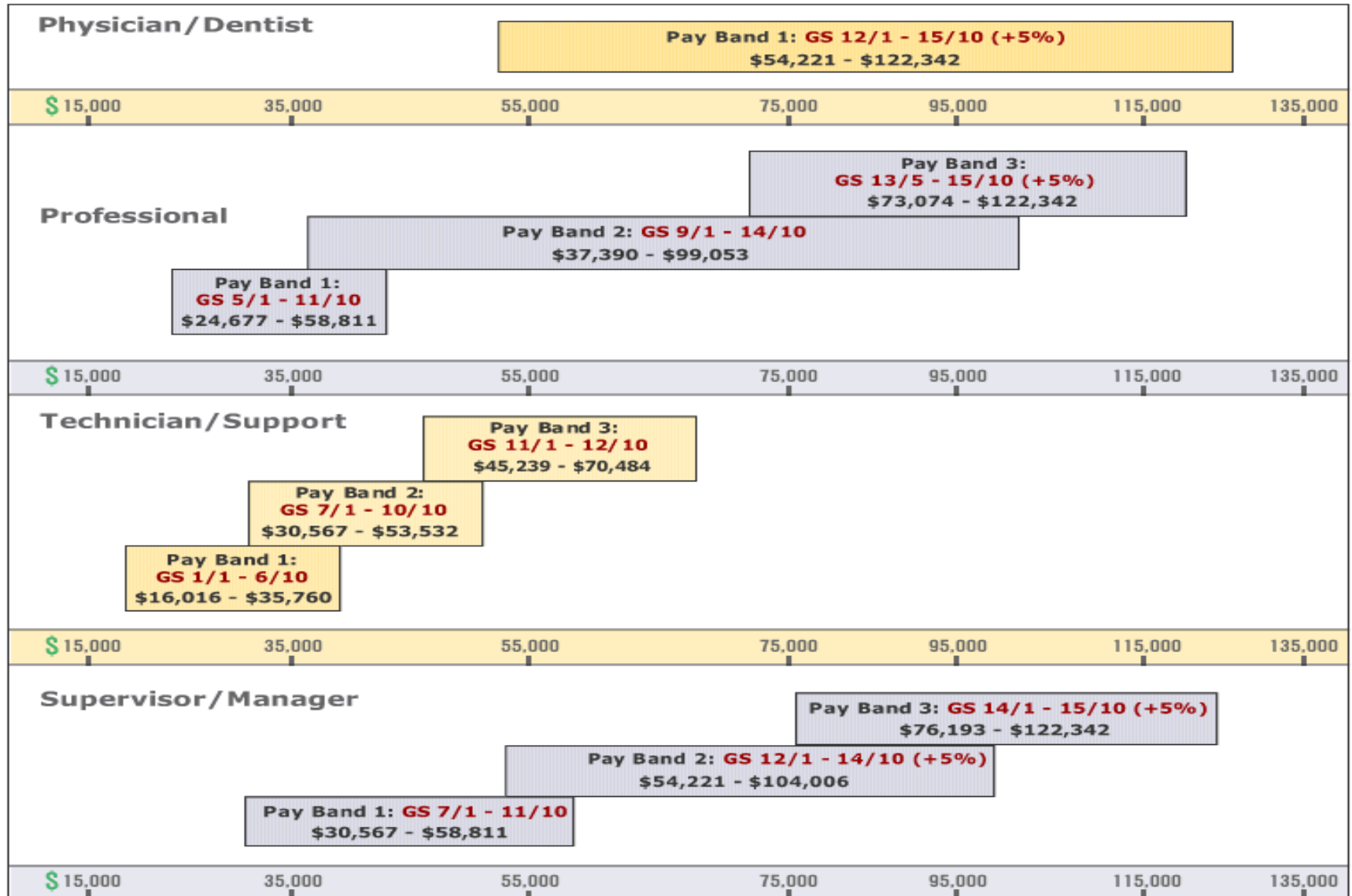


Proposed Scientific and Engineering Career Group



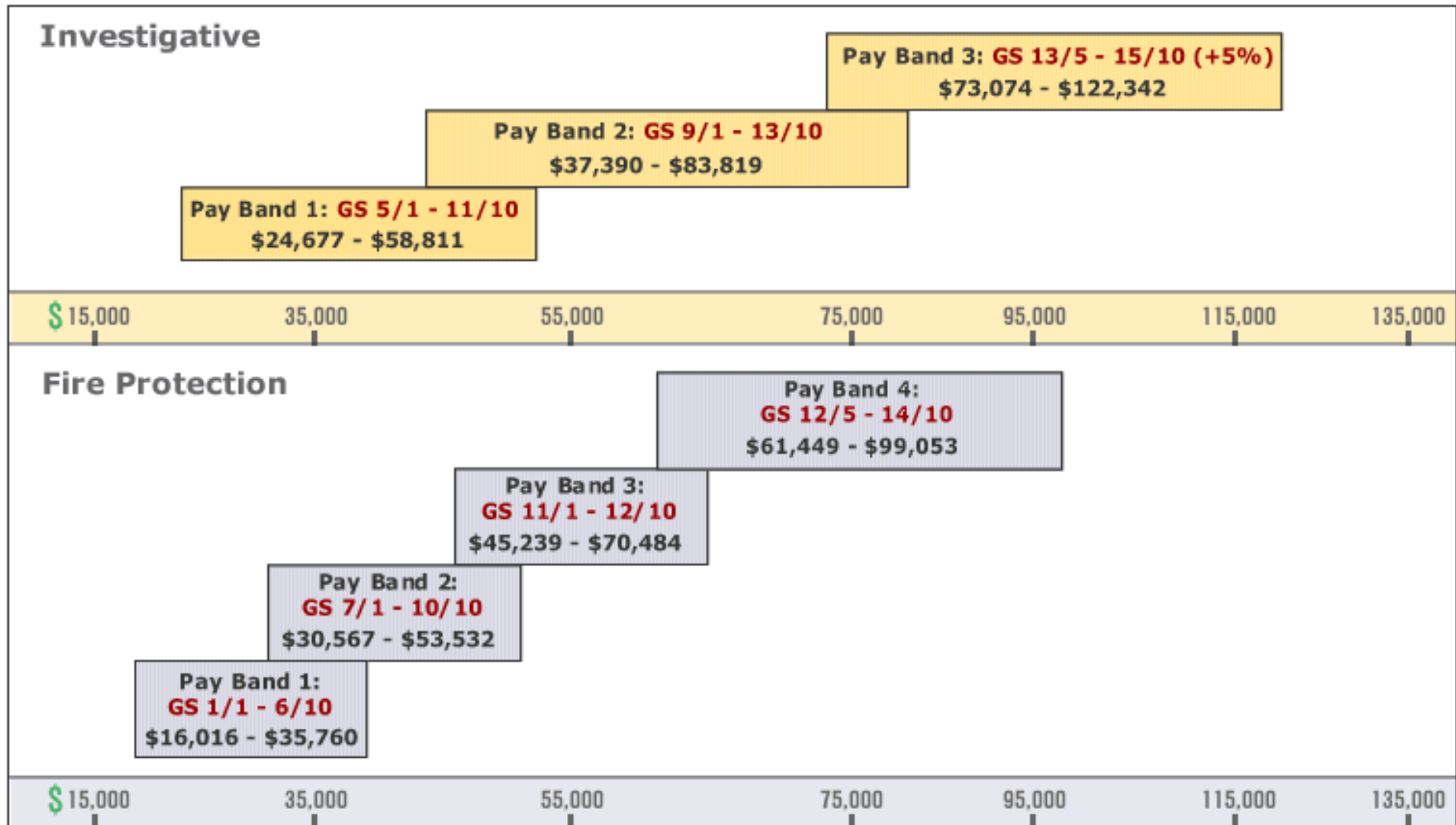


Proposed Medical Career Group



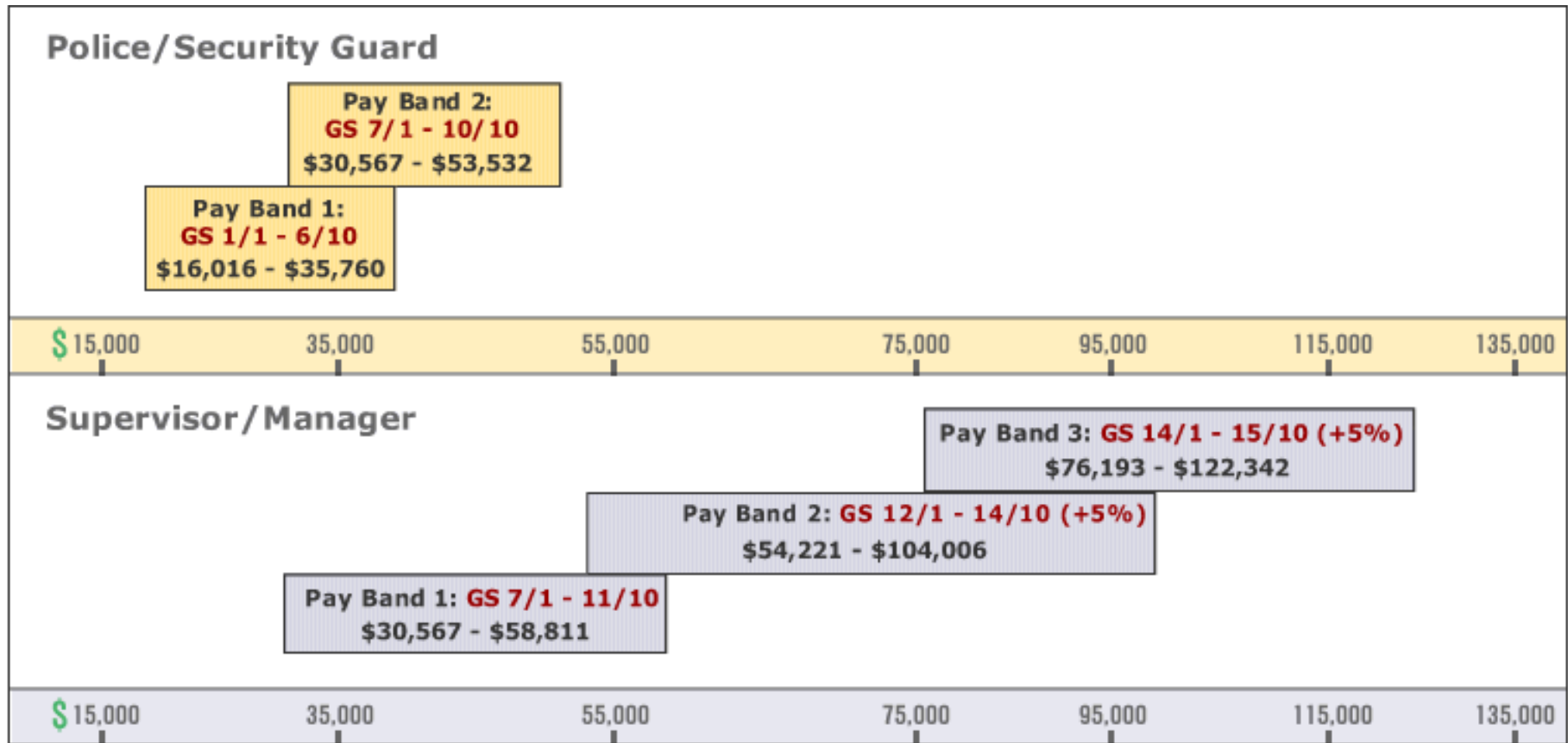


Proposed Investigative and Protective Services Career Group





Proposed Investigative and Protective Services Career Group (cont.)



- No employee will lose pay upon conversion
- Employees eligible for a within-grade increase (WGI) will receive a pro-rated increase in their salary
- DoD is committed to NSPS and to rewarding employees' contribution to the mission – both as individuals and/or as part of an organization

■ Employees:

- Will clearly know what is expected of them
- Should have confidence in their managers' abilities to recognize and distinguish levels of performance
- Are accountable for their performance and conduct
- Should expect the quality of their performance and contributions to drive their salary increases
- Will receive written performance plans and annual performance evaluations*
- Can seek reconsideration of performance ratings through administrative or negotiated grievance process *

Links Individual Goals to Mission Objectives

- Identify the link between work and organizational goals
- Participate in the performance management process
- Develop career goals and a roadmap for achieving them
- Work with supervisor to develop job objectives
- Accept that performance improvement is a continuous process
- Seek and accept feedback from supervisors and peers
- Support others in their performance management requirements

- DoD hiring authorities provide more flexibility to respond to mission changes
- Hiring process streamlined
- Pay setting flexibilities increase ability to retain and attract quality candidates
- DoD qualification requirements recognize unique mission
- Longer probationary periods for some occupational categories allow more time to evaluate new employees*
- Veterans' preference rights protected

Streamlined promotion and hiring process

- Streamlined, mission responsive
- Four retention factors remain, and are considered in this order:
 - Tenure
 - Veterans' Preference
 - Performance
 - Seniority
- Multiple years' performance credit for reduction in force*
- Two years of retained pay for displaced employees*
- Less disruptive to employees and mission

More emphasis on performance

- Single process for actions based on performance or conduct
 - Provides a 15-day notification period for adverse actions
- Allows Mandatory Removal Offenses
 - To be determined
 - Must be publicized in the Federal Register *
 - Regularly made known to all employees*
- Preserves employee's right to:
 - Due process
 - Ability to grieve to arbitration
 - Appeal to Merit Systems Protection Board

Streamlined Process

- Establishes expedited adverse actions appeals process
 - Third parties may mitigate agency determined penalties in limited circumstances*
 - Mitigation standard similar to that recognized by Federal Circuit Court
 - Deference given to DoD national security mission when third party makes decisions
- Single burden of proof standard: preponderance
- Provides for DoD review of arbitrator and Merit Systems Protection Board (MSPB) Administrative Judge decisions that lead to final Department decision
- Full MSPB and judicial review retained



Labor Relations System

- Recognizes our national security mission and the need to act swiftly
 - Ability to act swiftly is necessary even in meeting day-to-day operational demands
 - Flexibility is necessary to respond to a variety of vital operational challenges
- Preserves local collective bargaining with limitations on scope of bargaining, such as:
 - Permitting management to act and bargain on a post-implementation basis
 - Establishing time limits for bargaining process
- Provides for national level and multi-unit collective bargaining
- Preserves collective bargaining and permits bargaining on a variety of operational matters if Secretary determines that bargaining advances Department's mission accomplishment or promotes organizational effectiveness*

*Major change from proposed regulations

- NSPS provides an opportunity for greater union involvement in workforce issues
 - Continuing collaboration provides an avenue for union input in human resources areas, including areas previously excluded by law or other agency rules
 - Local consultation provides for a collaborative, issue based approach on matters where bargaining is otherwise restricted
- National Security Labor Relations Board (NSLRB)
 - Resolve issues between management and employee representatives
 - Secretary appoints at least three members
 - Appointment of chair and members
 - ✓ Secretary, in his/her sole discretion, appoints the Chair
 - ✓ DoD labor unions can submit nominations for consideration as members of the NSLRB*

*Major change from proposed regulations

■ Learning objectives

- Teach skills and behaviors to implement and sustain NSPS
- Educate employees about NSPS

■ Dual focused

- Soft Skills already underway
- Specialized training for all functional areas
 - ✓ Classroom sessions
 - ✓ Web based courses
 - ✓ “Fundamentals of NSPS”
 - ✓ “NSPS 101”
 - ✓ Periodic printed materials
 - ✓ Brochures
 - ✓ Pamphlets



Specialized Training

Audience	Course
Employees	NSPS 101 HR Elements for Employees Performance Management for Employees
Senior Leaders	Senior Leaders Forum
Managers and Supervisors	NSPS 101 HR Elements for Managers/Supervisors Performance Mgmt for Managers/Supervisors Pay Pool Management for Managers/Supervisors
Pay Pool Managers and Administrators	Pay Pool Management
Human Resources Practitioners	NSPS 101 HR Elements for Employees Adverse Actions and Appeals Labor Relations

- Modification of the basic HR IT system (DCPDS) including interface to payroll system (DCPS)
- Specific tools for key areas
 - Performance Management
 - ✓ Automates plans and appraisals
 - ✓ Supports the pay pool process
 - Reduction in Force



When Will NSPS Happen?

Early FY 2006

- Commence training for employees, managers, supervisors, and HR practitioners

Early CY 2006

- General Pay Increase for all eligible civilian employees
- Implement Labor Relations System across DoD for employees covered by Chapter 71 of title 5
- Implement Spiral 1.1, ~65,000 employees
- Phase in new performance standards
- Pay banding and staffing flexibilities phased in

Spring 2006

- Implement Spiral 1.2, ~47,000 employees

Fall 2006

- Performance cycle ends for Spirals 1.1 and 1.2
- Implement Spiral 1.3, ~160,000 employees

Early CY 2007

- First NSPS performance-based payout for Spirals 1.1 and 1.2

Early CY 2008

- First performance-based payout for Spiral 1.3

a/o Decem

Continuing Collaboration & Implementing Issuances

- DoD will collaborate with employee representatives on the implementing issuances
- Implementing issuances provide additional details for carrying out NSPS regulations
- Historic opportunity for representatives to provide input in the development of DoD's human resources management system

Spiral Implementation

- Once Spiral 1 is implemented:
 - DoD will assess and certify the performance management system in coordination with OPM
- Once certified, Spiral 2 and Spiral 3 can begin
- Continuous evaluation and system improvements

- Employees informed of program plans and changes through:
 - Town hall briefs
 - Frequently Asked Questions lists
 - Employee Fact Sheets
 - Articles in local and base newspapers
 - DoD and Component Web Pages

- DoD and Component leaders will ensure discussions on program changes occur between local management and employees

- A modern, flexible, and agile human resources system
 - Responsive to the national security environment
 - Preserves employee protections and benefits

*“ NSPS is a win-win-win system ...
a win for our employees, a win for our
military and a win for our Nation.”*

*Honorable Gordon R. England
NSPS Senior Executive*